

The image shows a presentation slide with a black background. On the left side, there is a yellow sticky note. The slide itself is white and tilted slightly to the right. It contains the title 'CIP and Financial Policies' in a large, black, serif font. Below the title, in a smaller, black, sans-serif font, is the text 'Committee of the Whole' followed by the date '5/24/23'.

CIP and Financial Policies

Committee of the Whole
5/24/23

Purpose of Tonight's Presentation

- City Finances and Budgeting
 - Background on terminology and theory
 - Historical context on sources and uses of funds
 - Purpose on budget and CIP
- Budget constraints
 - Optional expenditure restraint program
 - State imposed levy limits
 - Other financial options
 - Adopted financial policies
- Comparative data resources
- CIP process and next steps

City Finances and Budgeting

Governmental Accounting is Different

- Focus on expenditures and service levels (not profit focus)
- Modified accrual basis accounting (not cash basis nor accrual basis accounting)
- Fund accounting (mini sets of books within overall books)
- Fixed assets are responsibilities (not method to generate future revenue)
- Annual Comprehensive Financial Report (ACFR) and other specialized terminology

*if interested in further details, please reach out!

What is a Fund?

Fund Type	Purpose	Primary Source of Funds	Examples
General Fund	Account for the majority of the City's activities including general government, public safety, public works, leisure, etc (aka junk drawer)	Property Taxes	Only one
Special Revenue Funds	Account for the City's activities that are funded by a specific, separate revenue	Library Levy Grants/Donations Room Taxes User Fees	Library Transit, Grants CEDA Refuse/Recycling
Debt Service Fund ★	Account for the principal and interest payments on the City's externally issued debt	Property Taxes	Only one
Capital Projects Funds ★	Account for the City's capital projects (primary fund for CIP projects)	Property Taxes	Capital Projects TID
Enterprise Funds ★	Account for the revenues and expenses of the City's "business-like" functions	User Fees	Water Utility Sewer Utility Stormwater Utility
Internal Service Funds	Account for services provided to other departments or agencies on a cost-reimbursement basis	MPSIS Reimbursement Insurance Dividends Charges to Departments	Technology Insurance

Terminology

- General Obligation (G.O.) Notes/Bonds – money borrowed by the City that is secured by the full faith and credit of the municipality
 - Tax Exempt + Secure = Low Rates
- Fund Balance – the difference between governmental assets (what we have) and governmental liabilities (what we owe)
 - Similar concept to “equity”
 - Doesn’t consider fixed assets or long-term debt
- Net Position – similar to fund balance except it includes fixed assets and long-term debt; more similar to corporate accounting

Terminology

- Property Tax Levy – the total amount of property taxes that the City needs to collect in order to support the services we intend to provide during the year
 - $\text{Costs} - \text{Other Revenues} = \text{Property Tax Levy}$

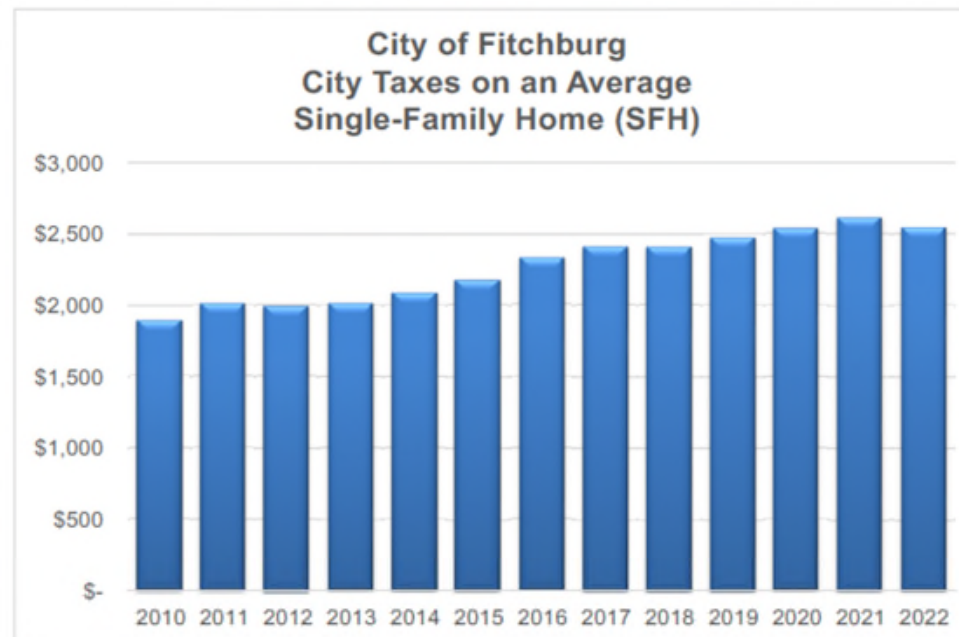
Terminology

- o AV Tax Rate – the dollar amount per \$1,000 in assessed value that the City collects for our purposes
 - o Last year's AV tax rate, City-only = \$6.7158
 - o City taxes on a \$378,500 house (average)
 - o $\$378,500 / 1,000 * \$6.7158 = \$2,542$ in City property taxes
 - o \$212 / month for City services
 - o Prior year: $\$330,100 / 1,000 * \$7.9280 = \$2,617$
 - o City taxes on a \$122,000 multi-family apartment (average)
 - o $\$122,000 / 1,000 * \$6.7158 = \$820$ in City property taxes
 - o \$56 / month for City services
 - o Prior year: $\$84,900 / 1,000 * \$7.9280 = \$673$

City Taxes on Average Home

Source: Adopted 2023 Budget (page 17). Also available on the City's website.

<http://www.fitchburgwi.gov/1998/Financial-Records-Reports>



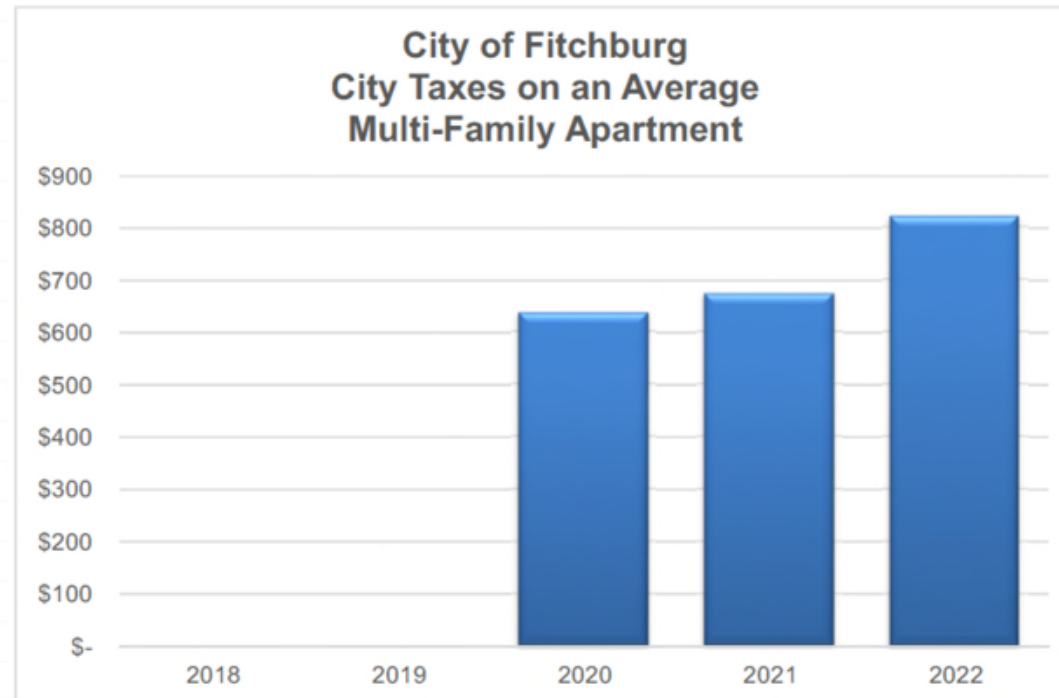
Tax Roll Year	Average Value	City Portion AV Tax Rate	City Tax on Average SFH
2010	265,100	7.13	1,890
2011	265,000	7.58	2,008
2012	263,400	7.56	1,991
2013	256,900	7.84	2,014
2014	262,448	7.95	2,086
2015	262,800	8.29	2,178
2016	272,800	8.54	2,330
2017	282,000	8.55	2,411
2018	294,000	8.19	2,409
2019	310,900	7.96	2,475
2020	330,100	7.69	2,537
2021	330,100	7.93	2,617
2022	378,500	6.73	2,547

*Town absorb/TID #6 close

City Taxes on Average Apartment

Source: Adopted 2023 Budget (page 18). Also available on the City's website. Newly provided information so building up to 10 years.

<http://www.fitchburgwi.gov/1998/Financial-Records-Reports>



Tax Roll Year	Average Apt Value	City Portion AV Tax Rate	City Tax on Average Apt
2018	n/a	8.19	n/a
2019	n/a	7.96	n/a
2020	82,700	7.69	636
2021	84,900	7.93	673
2022	122,000	6.73	821

*Town absorb/TID #6 close

Property Taxes by Function

Source: Adopted 2023 Budget (page 15)

<http://www.fitchburgwi.gov/1998/Financial-Records-Reports>

Note: 2022 tax roll (2023 budget) is complicated due to the absorption of a portion of the Town of Madison on 10/31/22. The amounts included above are for the combined values of both groups of properties (1/1/22 Fitchburg + 1/1/22 Town).

	Budget 2021			Budget 2022		Budget 2023	
General Fund Tax Levy	16,830,691			18,352,861		19,338,941	
General Fund Budget	22,598,138			24,494,311		27,020,559	
Assessed Value	3,738,640,300			3,950,211,400		4,825,991,080	
Average Home Assessed Value	330.100			330.100		378.500	
Service Area:							
General Government:							
Mayor & Council	77,651	5.11	80,471	5.04	83,163	4.67	
Municipal Court	184,261	12.12	191,801	12.01	199,087	11.18	
Administration, Legal, HR	771,305	50.72	907,467	56.82	1,126,418	63.23	
Clerk	448,803	29.51	519,386	32.52	536,098	30.09	
Finance	446,023	29.33	473,716	29.66	836,325	46.95	
Assessing	515,045	33.87	589,103	36.89	604,838	33.95	
Public Safety:							
Police (including MPSIS)	8,558,128	562.78	8,971,103	561.71	9,561,795	536.73	
Fire	3,156,817	207.59	3,404,212	213.15	3,661,447	205.53	
Other Public Safety	947,747	62.32	1,159,221	72.58	1,243,022	69.77	
Building Inspection	396,361	26.06	423,728	26.53	559,171	31.39	
Mass Transit	502,655	33.05	620,000	38.82	0	-	
Public Works	2,132,763	140.25	2,355,312	147.47	2,667,395	149.73	
Senior Center	722,940	47.54	793,932	49.71	835,712	46.91	
Parks Department:							
Parks	1,189,796	78.24	1,286,311	80.54	1,412,446	79.28	
Recreation	330,176	21.71	345,770	21.65	381,320	21.40	
Zoning & Planning	379,164	24.93	404,397	25.32	393,963	22.11	
Economic Development	290,218	19.08	306,132	19.17	323,222	18.14	
Other General Fund	1,548,285	101.82	1,662,249	104.08	2,595,137	145.67	
Total General Fund	22,598,138	1,486.03	24,494,311	1,533.67	27,020,559	1,516.73	
FACTv	8.48			12.97		-	
Transit	-			-		43.34	
Library	173.47			171.55		170.25	
Debt Service	379.22			376.78		352.69	
Capital Projects	149.90			157.39		175.66	
Tax Increment District	339.94			364.69		288.04	
City Tax on Average Home	Δ2.5%	2,537.04	Δ3.2%	2,617.05	Δ2.7%	2,546.71	

Property Taxes by Function

Source: Adopted 2023 Budget (page 16)

<http://www.fitchburgwi.gov/1998/Financial-Records-Reports>

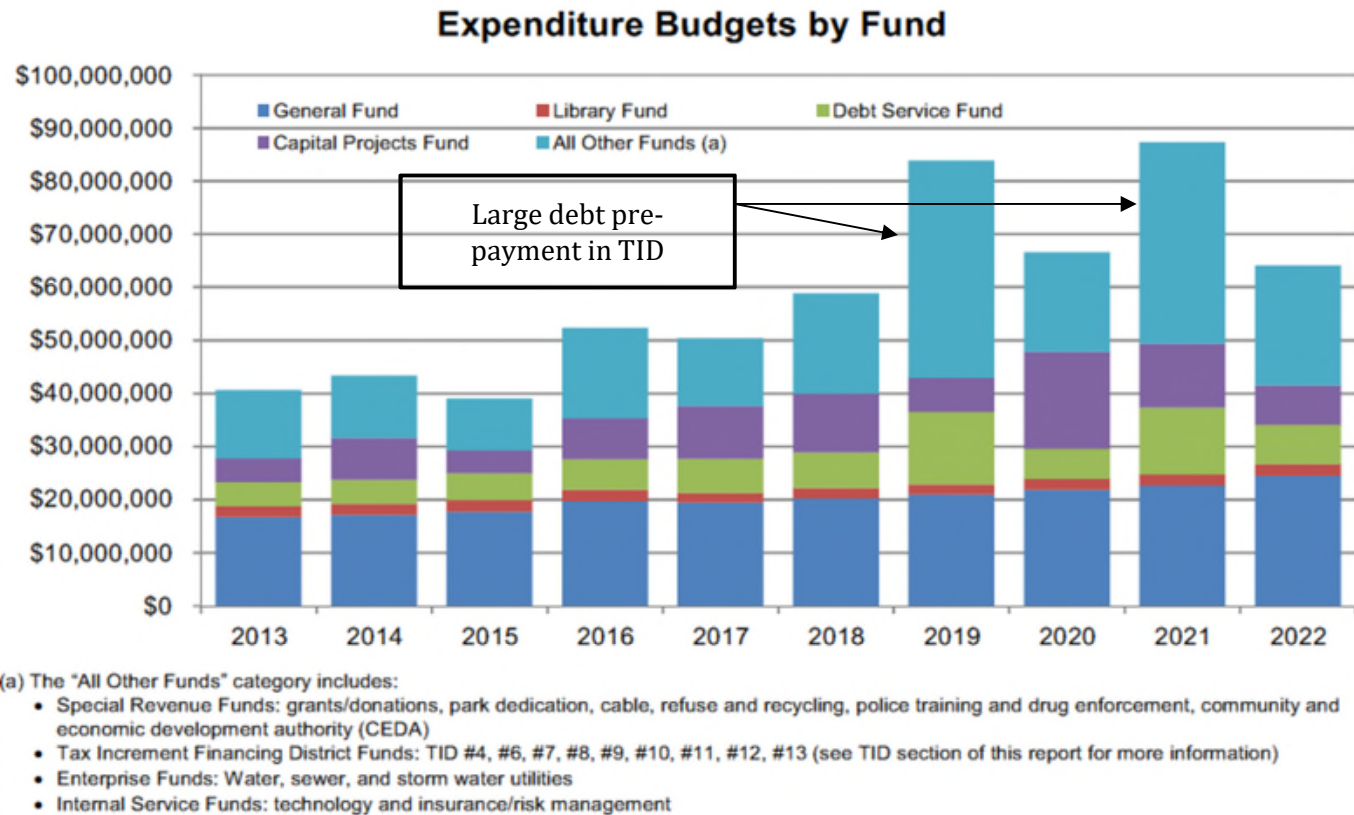
Note: 2022 tax roll (2023 budget) is complicated due to the absorption of a portion of the Town of Madison on 10/31/22. The amounts included above are for the combined values of both groups of properties (1/1/22 Fitchburg + 1/1/22 Town).

	Budget 2021		Budget 2022		Budget 2023	
General Fund Tax Levy	16,830,691		18,352,861		19,338,941	
General Fund Budget	22,598,138		24,494,311		27,020,559	
Assessed Value	3,738,640,300		3,950,211,400		4,825,991,080	
Average Rental Unit Assessed Value	82,700		84,900		122,000	
Service Area:						
General Government:						
Mayor & Council	77,651	1.28	80,471	1.30	83,163	1.50
Municipal Court	184,261	3.04	191,801	3.09	199,087	3.60
Administration, Legal, HR	771,305	12.71	907,467	14.61	1,126,418	20.38
Clerk	448,803	7.39	519,386	8.36	536,098	9.70
Finance	446,023	7.35	473,716	7.63	836,325	15.13
Assessing	515,045	8.49	589,103	9.49	604,838	10.94
Public Safety:						
Police (including MPSIS)	8,558,128	140.99	8,971,103	144.47	9,561,795	173.00
Fire	3,156,817	52.01	3,404,212	54.82	3,661,447	66.25
Other Public Safety	947,747	15.61	1,159,221	18.67	1,243,022	22.49
Building Inspection	396,361	6.53	423,728	6.82	559,171	10.12
Mass Transit	502,655	8.28	620,000	9.98	0	-
Public Works	2,132,763	35.14	2,355,312	37.93	2,667,395	48.26
Senior Center	722,940	11.91	793,932	12.79	835,712	15.12
Parks Department:						
Parks	1,189,796	19.60	1,286,311	20.71	1,412,446	25.56
Recreation	330,176	5.44	345,770	5.57	381,320	6.90
Zoning & Planning	379,164	6.25	404,397	6.51	393,963	7.13
Economic Development	290,218	4.78	306,132	4.93	323,222	5.85
Other General Fund	1,548,285	25.51	1,662,249	26.77	2,595,137	46.95
Total General Fund	22,598,138	372.31	24,494,311	394.45	27,020,559	488.88
FACTv	2.13		3.34		-	
Transit	-		-		13.97	
Library	43.46		44.12		54.88	
Debt Service	95.01		96.90		113.68	
Capital Projects	37.55		40.48		56.62	
Tax Increment District	85.16		93.80		92.84	
City Tax on Average Home	635.62	Δ5.9%	673.09	Δ22.0%	820.87	

Where Does the City Spend Money (by Fund)

*Purple and Green bars are primary focus of CIP

*Blue and red bars are primary focus of budget process

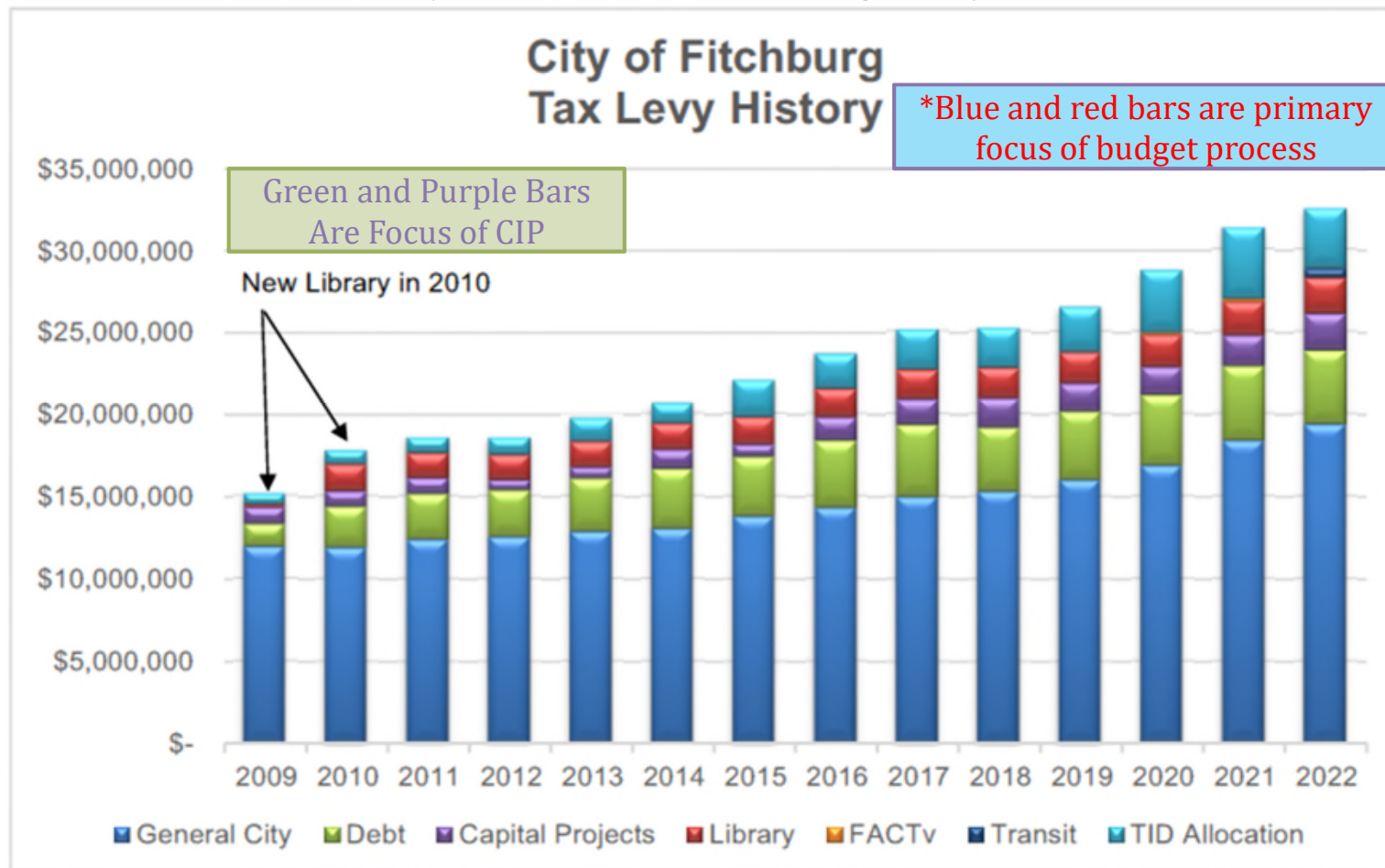


Source: Finance Department 2022 Annual Report.

<http://www.fitchburgwi.gov/1998/Financial-Records-Reports>

Property Tax Levy History

(based on tax roll year)



Source: Adopted 2023 Budget (page 22)

<http://www.fitchburgwi.gov/1998/Financial-Records-Reports>

Note: TIF 101
presentation at July 2018
COW available on FACTv

